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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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<b>2001 Assembly Bill 576</b>	<b>Assembly Amendments 1, 2 and 17</b>
Memo published: October 30, 2001      Contact: Richard Sweet, Senior Staff Attorney (266-2982)	

*Assembly Bill 576* authorizes the Wisconsin Housing and Economic Development Authority (WHEDA) to provide loan guarantees of up to \$10 million in total to businesses that do any of the following: (1) transport persons in aircraft, for hire, on regularly scheduled flights; (2) deliver personal property or packages in aircraft; or (3) operate aircraft for the benefit of agribusiness. In order to qualify for a loan guarantee, the business must be headquartered in Wisconsin.

The borrower must use the loan proceeds for working capital or the purchase or improvement of land, buildings, machinery, equipment, or inventory. In addition, the loan must be closed no later than the first day of the seventh month beginning after the general effective date of the bill.

Under the bill, the total principal amount of loans to a borrower that are guaranteed may not exceed \$4.5 million. However, after reviewing all applications for guarantees, WHEDA may guarantee up to \$10 million to a borrower. In addition, the loan guarantee for a business delivering personal property or packages in aircraft or a business operating aircraft for the benefit of agribusiness may not exceed \$100,000.

The bill transfers \$475,000 from the Wisconsin Development Fund in the Department of Commerce to a reserve fund in WHEDA to be used for purposes of this bill. In addition, the bill requires WHEDA to transfer \$1,750,000 from the Housing Rehabilitation Loan Program administration fund to the reserve fund for purposes of this bill.

The bill requires WHEDA to retain \$1 of reserve funding for each \$1 of outstanding guaranteed principal under the airline loan guarantee program.

*Assembly Amendment 1* creates a new appropriation line for the Department of Commerce to provide a sum sufficient equal to the amount transferred to the reserve fund for airline loan guarantees, but not exceeding \$475,000 in the aggregate. The appropriation would be used for those purposes for which the Wisconsin Development Fund in the Department of Commerce is used.

*Assembly Amendment 2* states that in order to qualify for a loan guarantee under the bill, the borrower must use the loan proceeds for the benefit of the borrower's business operations in Wisconsin.

*Assembly Amendment 17* requires WHEDA to retain \$1 of reserve funding for each \$4.50 of outstanding guaranteed principal under the airline loan guarantee program.

On October 18, 2001, the Assembly Committee on Transportation recommended adoption of Assembly Amendment 1 on a vote of Ayes, 16; Noes, 0; adoption of Assembly Amendment 2 on a vote of Ayes, 15; Noes, 1; and passage of the bill, as amended, on a vote of Ayes, 16; Noes, 0.

On October 23, 2001, the Assembly adopted Assembly Amendments 1, 2 and 17 on voice votes. On October 25, 2001, the Assembly passed the bill, as amended, on a vote of Ayes, 57; Noes, 35; and Paired, 2.

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